

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 813 - HB 1279

April 1, 2009

SUMMARY OF BILL: Requires the Director of the Division of Consumer Affairs in the Department of Commerce and Insurance to register and regulate providers of debt management services. Requires any registrant to be either organized and operating as a not-for-profit entity in the state in which it was formed or exempt from taxation under the Internal Revenue Code, 26 U.S.C § Section 501. Requires all applicants to submit an application as well as the application fees, an insurance policy of \$250,000 against fraud or theft with a deductible of no more than \$5,000, and a surety bond, payable to the administrator of the registration program, equal to \$50,000 or other amount determined by the administrator. Requires annual registration renewal. This regulation does not apply to legal, accounting, or financial planning services. Requires providers to provide written notice of a civil action to the administrator within 30 days of service. Authorizes the administrator to investigate complaints and charge fees to the provider for the investigation. Authorizes the administrator to adopt monetary amounts other than what is stipulated in the current bill based on inflation rates. Violations of this act are punishable by civil penalties up to \$20,000 per violation. Deletes the section governing debt adjusting from the "Tennessee Consumer Protection Act of 1977."

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$62,500/One-Time

\$75,000/Recurring

Increase State Expenditures - \$18,600/One-Time

\$241,800/Recurring

Increase Local Revenue – Not Significant

Increase Local Expenditures – Not Significant

Assumptions:

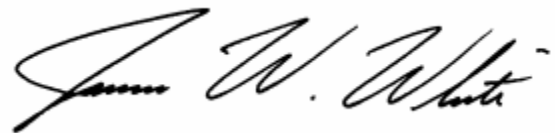
- An initial registration fee and annual renewal fee of \$250 per registrant.
A total of 250 initial registrants with 50 new registrants per year.

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- The Division of Consumer Affairs in the Department of Commerce and Insurance will require additional staff. The additional personnel will consist of one staff attorney (\$48,100 salary), one consumer protection specialist (\$34,300 salary), and two licensing technicians (\$27,888 salary each).
- The one-time increase in state revenue is estimated to be \$62,500 (\$250 registration fee x 250 applicants).
- The recurring increase in state revenue is estimated to be \$75,000 (\$250 registration fee x 50 new applicants in the second and subsequent years + \$62,500 license renewal fees).
- The one-time increase in state expenditures is estimated to be \$18,600 (\$5,600 computer costs + \$8,000 office landscaping + \$5,000 Office of Information Resources).
- The recurring increase in state expenditures are estimated to be \$241,776.48 (\$138,072 salaries + \$46,604.48 benefits + \$44,800 administrative cost allocation + \$4,300 network costs + \$4,000 computer replacement fund with Finance and Administration + \$4,000 supplies and communication).
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes, and costs collected. These expenditures and revenue are estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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